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In Pursuit of Quality. The Institutional Change of Wine Production Market in Piedmont

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(Article begins on next page)

Abstract

This article analyses the consequences of the “methanol wine scandal” on the wine production market of Piedmont. Contrariwise to what is usually claimed, these consequences were not the direct result of the scandal, but emerged only when a change in the institutional configuration of the market came about. The paper illustrates how the institutional change following the scandal triggered the quality turn of the wine production market in Piedmont. The key processes at the root of this change are depicted in terms of quality conventions as coordination mechanisms embedded in the institutional context. The first part of the paper outlines the conceptual coordinates concerning the “social construction” of quality. Afterwards both the general and regional trends toward the quality production in the national and local wine sector are summarized. Then “the methanol wine scandal” and its institutional consequences are illustrated. Finally, to appreciate the current organization of the local production market and of the quality conventions among wine producers, findings from interviews with local entrepreneurs are reported.

Keywords: Quality, Institutional Change, Markets (Sociology of), Conventions

1. Introduction

Over the past twenty-five years the wine production market (1) in Piedmont has had considerable reorganisation in terms of *production quality*. This structural change is often associated to the event occurred in 1986, which became known as the “methanol wine scandal”. The scandal had catastrophic consequences: eventually twenty-three dead, tens of people poisoned and suffering from serious injuries. At a national level exports collapsed immediately after the scandal by a third (from nearly 18 to about 11 million hectolitres), and a turnover from 1,668 to 1,260 billion lire (a quarter less). Today the situation is radically different and both Italian and Piedmont wine production have reached the peak of world ranking in terms of export and quality (Odorici and Corrado 2009). Nevertheless, the relationship between the scandal and the transformation of wine production market towards quality has always been assumed rather than actually established.

The paper analyses firstly the *cultural* implications of the “methanol wine scandal” event and it argues next that its economic consequences on the wine production market where to appear only when a change in the *institutional* configuration of the market came about. The key claim of this paper is hence that the transforming power of macro-events, to which historical sociology attributes a crucial role in the process of social change (Sewell 1006; Griffin 1992), occurs if these events change pre-existing institutional rules.

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We will thus illustrate how the institutional change following the scandal fed the shift of the wine production market in Piedmont. We will analyse the key processes at the root of this change in terms of quality conventions as coordination mechanisms embedded in the institutional context (Borghi e Vitale 2006; Ponte and Gibbon 2005; Ponte 2009).

The first part of the paper outlines the conceptual coordinates concerning the “social construction of quality”, at the crossroad between judgement and choice (par. 2 e 2.1), and it summarizes how quality conventions have been applied in the field of rural sociology. Afterwards both the general and regional trends toward the quality production in the wine sector are illustrated (par. 3). The fourth section investigates “the methanol wine scandal” by analysing articles from the daily newspaper “La Stampa” between March-June 1986 (par. 4). The reconstruction of the institutional consequences of the scandal have been based on historical archives, secondary data source as well as from in-dept interviews from *sommeliers* and winemakers (par. 5). Finally, to appreciate how the local production market and quality conventions are currently organized we have collected fifty structured interviews from entrepreneurs of the local wine sector (par. 6).

2. Quality as a Social Construction

Since Berger e Luckmann's work (1966) the theme of “social construction” is customary in social theory. This identifies the idea that no event in itself is either objective or inevitable, but its causes and consequences depend on a vast array of social processes that attribute an identity to the event itself (Lynn, Podolny e Tao 2009, 756). Talking of “the social construction of quality” thus means raising the question of the controversial processes through which qualities are attributed, stabilized, objectified and arranged (Callon *et al.* 2002, 199). Convention economics or convention theory (Boltanski e Thévenot, 2006; Jadg 2007) shows how these

processes work through coordination mechanisms that reduce “radical uncertainty”. This kind of uncertainty cannot be lowered through contractual arrangements, incentives and prices (as in standard economic theory: cfr. Milgrom and Roberts 1992) but requires agreements or conventions (often implicit) about *what’s worth* and what is *equal to what* (Stark 2009). The understanding of these “agreements” or “quality conventions” is a crucial task for a true sociological analysis of markets (Fligstein e Dauter 2007, 113).

Quality conventions have two main features (Borghi e Vitale 2006): (i) interdependency between the cognitive and the normative dimension; (ii) placement in and dependence on groups, organizations and institutional contexts. Conventions can thus be defined as: “shared templates for interpreting situations and planning courses of action in mutually comprehensive ways that involve *social accountability*, that is, they provide a basis for judging the *appropriateness* of action by self and others” (Biggart and Beamish 2003: 444, emphasis added). Convention theory argues (Eymard-Duverney 1989) that price is the main management form of a specific market only if there is no radical uncertainty about quality. When price alone cannot evaluate quality, actors set up conventions linked to other “forms of coordination” (Ponte and Gibbon 2009). Boltanski and Thévenot (2006) elaborate six “worlds” of “legitimate common welfare”: inspirational, domestic, opinion/fame, civic, market and industrial worlds. Each order of worth defines the good, the just and the fair and sets the very fabric of calculation: every “economy” is therefore a moral order. In *domestic* coordination, uncertainty about quality is solved through *trust* and long-term relationships. In *industrial* coordination, uncertainty about quality is settled through common *standards* enforced via instrument-based testing, inspection and certification. *Civic* coordination works where there is *collective* commitment to *welfare*, and the identity of a product is related to its impact upon society or the environment. In the world of *fame*, uncertainty about quality is solved through public celebrity. Worth derives from the opinion of

experts: it is this kind of opinion that establishes success. Finally, in the *inspired* world all the things such as measures, rules, money, hierarchy, and laws that support and outfit equivalence and worth are missing. What is worthy is what cannot be controlled, what is felt in inner experience, manifested by feelings and passions and what rejects habits, norms and principles. Conventions are worthwhile analytical tools to understand the “economies of quality” (see Callon, Méadel e Rabeharison 2002), where the value of goods can’t be established only by price and *quality standards* as signals are hence crucial. This is particularly so in the service economy or in markets such as art and wine, where the attributes of the product are difficult to unpack from the consumer viewpoint (Beckert 2009, 254). In these cases institutional tools that *signal quality* are essential for supply and demand to meet: the *judgment* of agents about the quality of a good or service come *before* the *choice* to buy that good or service (Karpik 2010).

In the field of rural sociology, the theory of conventions has been applied to a variety of research problems such as: wine production (Ponte 2009), non-standard food production/consumption practices (Murdoch and Miele 1999), local partnership between producers and consumers (Lamine 2005), alternative food networks (Sage 2003; Goodman 2009), turn to quality in food production and consumption (Murdoch, Marsden and Banks 2000), culinary networks (Murdoch and Miele 2004), and geographical indication (Barham 2003). The application of conventions theory in rural sociology spells out how *different* conceptions of quality are *combined*, thus supporting the idea that: “Regardless of the time period or context in which quality is examined, the concept has had multiple and often muddled definitions and has been used to describe a wide variety of phenomena” (Reeves and Bednar 1994, 419). In this line, Goodman (1999) urges us to consider less how nature is constantly subject to capitalist domination than to pay more attention to the *various* complex ways in which nature-society *hybrids* are produced in the food sector. Besides, the previously quoted contributions showed

that in: “reality clear distinctions cannot be made between definitions of quality and that boundaries between categories are often blurred” (Sage 2003, 7). This paper endorses this view and argues that quality is a slippery and ambiguous concept with many meanings. This ambiguity needs to be solved through interactions between actors rather than from pre-defined and exogenous criteria (Lamine 2005, 325). The application of the theory of conventions in rural sociology thus supports the idea that quality is one of the most important force leading to the raise and change of markets and, at the same time, the “power” of quality must be found *over and above* informations and prices. A standard economic view (Tirole 1988) that assumes an “objective” idea of quality sidesteps the process through which a mutual *judgment* about quality raises, changes and, eventually, even disappears. As we will see in the next section, the theory of conventions sheds light on this process.

2.1 Quality Conventions between Judgement and Choice

Often in social theory judgement and choice are radically opposed to one another. This opposition develops along three lines: (i) the logic of action, (ii) the explanation of order and (iii) the concept of social change. In connection with the first dimension, choice relies on analytic rationality: the meaning of an action is defined by the *intention* of the agent and is reflected in the outcome (Pizzorno 2006). Contrariwise, judgement refers to the ways people “evaluate each other” and the meaning of an action is what those to whom the action is directed at understand it to be: “one undertakes *to see the world* as others do – not because the benefit of doing so outweighs the cost, but because that is *the way of being in the world* with these people” (Loury 2002, 44, emphasis added). Choice thus relies on the rational capacity to act for a future state,

while judgement depends on the way an action is *received* in a “circle of recognition” who judges it as being socially valid (Pizzorno 2006).

Secondly, in the choice model social order is likened to efficient *sanctioning* mechanisms in a contractual prospective (Coleman 1990), while in the judgement model society is created above all thanks to successful *naming* processes (Oberschall e Kim 1996, 64). For Hobbes and neo-contractual solutions (Taylor 1987) society is generated from a more or less (de)centralised ability to control each other through formal and informal sanctions (Hechter 1990), while in the judgement model it is when the human being is no longer *solitary* and enters some social relationship that social order begins (White 2008).

Finally, the model of choice looks at social change as the result of human efforts to control their environment (North 2005, chap. 1). The key to understand change is the motivation of agents, their capacity to understand problems and the beliefs which guide their actions. In contrast theories of judgement look at the exogenous contextual changes. When the sources of naming change, semantic and ontological uncertainty occur (Lane e Maxfield 2005) and agents face a sort of “symbolic tsunami” (Pizzorno 2006, 392). Here the threat derives from the lack of meaning and of ontological stability that can be attributed to a course of action and its potential outcomes. For example, the social change created by the French revolution had its founding moment in the “Taking of the Bastille”, 14th July 1789 (Sewell 1996). But what everyone now defines as the “Taking of the Bastille” was actually the result of a complex interaction, which evolved from declarations, debates and symbolic behaviour. The change of the definition is accompanied by changes both in the behaviour of individuals and in the stand of the various groups and parties involved (Pizzorno 2006).

However, just like the opposition of interest and identity (Macy 1997), choice and judgement can find substantial analytical connections. The radical nature of the distinction

between choice and judgement relies on two highly debatable points: (i) naming stabilizes the identity of social actors and (ii) the changing of sources for naming is exogenous to on going social action. If these two assumptions are true, the judgement model has no need for the concept of choice. The sources of social recognition, when they are at hand, balance out both individual action and social order. Furthermore, if social change is exogenous to the action course, the *sources* of naming can't be the aim of an intentional choice. However, these conditions are not always met.

First of all, naming is not always stabilizing for social action. Keeping willy-nilly a tie to the sources of naming can be counter-productive, as it becomes a cause of semantic contradiction that does not guarantee stability to one's action. As Harrison White illustrated (2008, chap. 8) the so-called "control strategies" play here an important role. Control is considered the sum of attempts that agents rely on to control "confusion" as well as the contingency of stimuli coming from their social ties (Azarian 2005). A crucial control strategy is decoupling, through which agents *isolate* themselves from undesired ties and unwilling dependencies. Actually the very identity of agents is the non-deterministic result of these attempts to control/justify stimuli coming from their social ties. Hence an identity asserts itself when agents establish control strategies that last out the contingencies that affect them.

The importance of controlling strategies also weakens the second assumption. Changes in the sources of naming are not always *exogenous* to the action itself but can switch according to specific strategies. We will illustrate this point by comparing briefly Mancur Olson's collective action theory (1965) with the concepts of "private network goods" and "specialized public goods" (Bellanca 2007). Olson showed that the formation of groups, associations, or movements could not be explained instrumentally on the basis of individual rationality. This works well in pure economic interdependency (e.g. market situations) where individual interest can be take as

given. But in phenomena of social interdependency (Pizzorno 2006) where: “the goal for which people mobilize, is a by-product of the mobilization itself” (Baldassarri 2010, 403), other mechanisms can make collective action. For instance in “private network goods” individual utility depends on the number of individuals who consume or produce that particular good. In standard collective action literature the strategies can thus be contained within the assurance game, in which cooperation is worthwhile only if it is reciprocal (Cornes e Sandler 1986). However, “private network goods” can create not economic interdependency but rather *social* interdependency. Consider, for example, the creative life-styles in metropolitan areas (Florida 2005), or the political-aesthetic mixes which drive quality enogastronomy (Sassatelli e Davolio 2010). In these cases goods take their value from being produced or consumed *within* a restricted circle that *attributes* value to such choices (Pizzorno 2006). Thanks to this *social interdependency*, agents are inclined to generate a network, which constructs the source of value for their own action, thus avoiding the Olson’s paradox.

“Specialized public goods” are the second type of goods key to understand the endogenous nature of change (Bellanca, see in particular pp. 42-51). As with pure public goods “specialized public goods” are non-exclusive and non-rival. However, unlike the former, the user can take full advantage only if certain access costs are paid for. For instance, understanding a specific jargon is needed to take part in a political coalition. But this jargon it is not a universal public good as whoever takes advantage of it has a particularly high entrance cost. “Specialized public goods” also avoid the Olson paradox: whoever wants to learn the language for the specific sub-group or coalition automatically feeds into the collective network. Coming away from the collective action in this case would mean substituting a shared language with a private one. Just like in collective action problems “private network goods” and “specialized public goods” also need to deal with *congestion* created by too many participants. The more people who use the

specialised language that has been learnt with great efforts makes the language more fuzzy. At this point exit costs are lowered, it is worthwhile for people who first learnt the specialised language with such effort to leave the coalition and try to found another. This can occur either attempting to regain a sort of “purity” of the original message (Bellanca, *ibidem*, pp. 44-51), or negating the validity of the message and so renouncing the fruits of the common good.

All in all, two key working hypotheses can be derived from the arguments so far outlined. First and foremost, quality *conventions* are coherent with the *institutional* context in which the market is embedded. As we said in the introduction macro events, such as the methanol wine scandal, generated social change if they change pre-existing institutional context. The change happens not so much and not only when new “ideas” evolve, but rather when these ideas become specific *institutional rules*. Secondly, we can think of the quality economy created by these institutional rules as being characterised by a “quality cycle”. In the first phase, quality is assumed as a shared and general judgement criteria; then congestion problems arise and a semantic inflation occurs, thus watering down the signalling power of quality. We will illustrate how this two working hypotheses shed light on the change of wine production market in Piedmont.

3. Wine Production in Italy: General Trends and Regional Models

Italy is the first producers of wine in quantity and the second in value, after France. Wine firms are 700,000 for a revenue of 8,3 billions of euro (25% of worldwide value; more than 30% in quantity). The production of wine in Italy has changed dramatically since the end of the eighties: growing area and wine production have reduced, the VQPRD “certified origin” wine (DOC/DOCG) has grown while table wine has weakened, and a decrease in the number of firms

occurred by about 60% in the last twenty years (Odorici and Corrado 2004; Mediobanca 2011). The absolute number of certified origin wines is prevalent in Northern Italy (153), followed by central Italy (100), then the South (69) and finally the Islands (43). The same trend towards quality has occurred with the economic structure, where wine production has significantly changed. Within this general picture, two indicators can sum up the regional features of wine production in Italy: (i) the relationship between export value on the total of agrofood exportation and (ii) the relation between VQPRD wine production and overall wine production.

Fig. 1 about here

These two indicators classify Italian regions both according to VQPRD wine production and in terms of the magnitude of export. We can appreciate a positive correlation between VQPRD wine production and exportation, which confirms the general trend towards the “economy of quality” in the wine sector (Corr. = 0,42; Sig. 0,1). However, the correlation is far from perfect and it shows how quality production is not always associated with a high degree of competitiveness in the international market. In the same way, the amount of wine exports can be high even with small amounts of VQPRD wine (lower right quadrant).

The positioning of Italian regions in the different clusters is the outcome of different institutional choices. This is exemplified by the two regions portrayed in black (Fig. 1), which were deeply implicated in the “methanol wine scandal”, Piedmont (upper right quadrant) and Apulia (lower left quadrant). Fig. 2 shows the different paths taken from the year in which the scandal occurred: in 1986, Apulia already had 90% of the VQPRD denomination of origin it

currently has, against the 60% for Piedmont. In the subsequent period, the situation in Apulia stabilised while Piedmont continued its growth with particular intensity after mid 90's.

Fig. 2 about here

A closer look at the institutional change that took place in mid '90s it is thus key to understand the “social construction” of wine production in Piedmont. First, however, we need to figure out how the “methanol wine scandal” changed the conceptions of quality in the wine sector.

4. Quality as Salvation: the “Methanol Wine Scandal”.

In March 1986 the methanol wine scandal broke in Italy. This happened following some deaths from intoxication from methanol alcohol: the investigations that took place showed that a network of unscrupulous *traders* was using this substance to change the alcoholic proof of wine. Italy had an over-production problem so before the scandal merchants, not estate wineries, made money. It was only about 15–20 years ago that wineries started being successful (Negro *et al.* 2007). It was clear from the beginning that there was a concentration of frauds in Northern Italy and in particular in the Piedmont provinces of Asti, Alessandria and Cuneo, although the first investigations found a link with Apulia and Emilia-Romagna.

We have reconstructed the scandal by analysing 165 articles from the daily newspaper, “La Stampa”, in the period between March and May 1986. There were clutches of different interpretations of the event to define “what had really happened”, as it occurs with transforming events that generate social change (Sewell 1996). A quote taken from a local producer (Negro *et*

al. 2007, 9) gives the taste of what happened: “In 1986 the methanol scandal broke. In my opinion that destroyed completely all the links that existed... I can ensure you that those 6 months were months of *confusion* and rage... a generation that didn’t have experiences was very open to receive new ideas” (emphasis added). Four different narratives structured the collective effort to establish the meaning of the event. In the very beginning was the rhetoric of the “rotten apples”: corrupt traders were only deviant acts which did not affect the system as a whole and dead people were just “heavy drinkers” who methanol kills only for they drunk large quantities of wine. Subsequently, the attention shifted to whole group of controlling bodies for the control of food safety and fraud (the “rhetoric of control”). The various actors involved at different levels of the crisis called for new laws against contamination and fraud, greater availability of officials and means for stricter control of traders and producers. In both these rhetorical devices the productive system remained intact and fault was laid on a small number of delinquents, or on the scarce efficiency of the controlling bodies. In a third phase the problem became the “race to the bottom”: this problem did not so much focus on the producers but on the organisation of the value-chain. The culprits were above all the large supermarkets, which required very low quality products from the producers to meet the demands of the lower ranges of the market. To face this problem, the association of producers in Piedmont proposed publishing a minimum price under which it would no longer be able to guarantee the origin of the wine. The fourth and final phase (the “rhetoric of quality”) started when the outlines of the affair became clearer and the penalty of the seven accused passed from manslaughter to murder. In Piedmont, the mayors of various municipalities organised petitions to send to the relevant ministries to lobby for new laws to defend the regional wine. This rhetoric became consolidated also thanks to an important “ritual” phase (Collins 2004) (2) that took place in Verona during the international trade show known as “Vinitaly”. The central theme debated at the show was obviously the scandal that had hit the

Italian wine industry and the resulting exportation crisis. During the trade show the need to shift “from quantity to quality” was underlined, to try to slow down production (conceived at being excessive for the sector) and instigating a wine production catalogue bringing the VQPRD classification laws up to date and turning the promotional campaign towards the development of wine closely linked to food consumption education.

As we will show, the “methanol wine scandal” and the idea of “certified quality” contributed to truly transform producers’s behaviour only when “quality” was translated into new institutional rules. Nearly ten years passed between the scandal and the adoption of these new rules. In this regard, the changes in the denomination of origin were one of the most important consequences of the measures. In Italy, the first key law concerning the setting up of denomination of origin was in 1963 (DPR n. 930), which intended to safeguard and regulate quality wine production from well-defined geographical areas. So the wine categories, *Denominazione di origine semplice* DOS (table wine) and *Denominazioni di origine controllata* DOC and *garantita* DOCG (VQPRD wine) were established. The effectiveness of these laws was put in doubt by the methanol wine scandal of 1986. In 1992 the law 164 (put into force in 1994) interdicted the attribution of geographical indication (*denominazione*) or labels of origin to table wine and so forced producers to adhere to either DOC or DOCG to conserve their belonging to a *terroir*. Furthermore, the new IGT (*indicazione geografica tipica*) category was introduced between vino da tavola and DOC/DOCG (Odorici and Corrado 2004, 179). Law 164/1992 that became effective in 1994 thus upheld the principles of the “certified quality” rhetoric, which had emerged with the scandal. The law intended to establish a closer link between the *terroir* and the certified quality, favouring the adhesion of small and medium size local producers to the denomination of origin system.

5. From the Scandal to the Institutional Change

Twenty years after the methanol wine scandal, Italian wine production has radically changed towards quality production. Less is produced, more is exported in terms of value and “certified quality” wines have grown dramatically (Odorici and Corrado 2009). Piedmont was one of the key regions involved in terms of the number of firms involved in the scandal. It’s customary to explain the growth of quality production as the *consequence* of the scandal. But, as showed in Fig. 3, the current value of production increased before 1986, as had the decrease in quantity and the growth of exports. The trend widen considerably after the mid 90’s onward following the legislative changes we have described. However, the tendency had already begun at the beginning of the 80’s before the scandal. The change in the wine market therefore had an endogenous spark, which was then accelerated not by the scandal of 1986 but by the subsequent institutional changes of 1994. This is confirmed by one of our interviews:

The change towards quality had begun before the methanol scandal. In Piedmont it had already began at the mid of the 70’s and consolidated in 80’s when a series of young producers introduced important changes. These young producers had travel the world trying to find why, Italy, which was in theory a wine country and made the same quantity as France, was passed over for French wines which had spread throughout the world whereas Italian ones had not (Interview of the President of the Italian Association of Sommelier, Piedmont).

New schumpeterian and innovative *producers* had imported cultivation and wine growing techniques from France, thus creating a new production market. Schumpeter’s entrepreneur is an agent of change that is the source of his well-known “creative destruction”. He introduces a new

good or a new method of production, opens a new market or discovers a new source of supply, or carries out a new organization of an industry (Schumpeter 1949).

Fig. 3 about here

All in all, it can be argued that it was not the methanol wine scandal that *generated* change towards quality production. Rather new innovative *producers* had imported cultivation and wine growing techniques from France which were linked to the idea of *terroir*, but the over-production problem as well as the weak link between wine and quality favoured merchants over estate wineries. This generates opportunities of exploitation by *traders* who were the protagonists of the 1986 scandal. The methanol scandal created then the “certified quality rhetoric” which consolidated into new institutional rules that changed the social organization of wine production market. One of the key institutional consequences, which promoted the spread of certified quality, was, as we have pointed out, the involvement of the small and medium sized producers in the *disciplinare di produzione* (denomination of origin). There are 60 *disciplinari* in Piedmont, from the pioneers of quality in the mid sixties (Barolo and Barbaresco) to the most recent. Piedmont is the Italian region with the largest number of *disciplinari* (before Tuscany) and the second for VQPRD wines in proportion to the total production of wine (after Trentino Alto Adige). The following data illustrate the enrolments of producers in the VQPRD register in the two provinces of Asti and Alessandria, which together make up 60% of the Piedmont wine growing area (3). With enrolment we mean the timing in which a producer first became a member of any Cadastral register of Wine growers for VQPRD wine. Figure 4 shows a turning point after 1994, the year in which the new regional laws came into force. In 1994 there was a sharp rise in the process: from 1995 there was a greater concentration of enrolments and a significant absolute increase as well.

Fig. 4 about here

1994 was an important turning point both for the number of enrolments and the average size of the wine producers. The distribution shows that the process increased after 1994: 27% of enrolments occurred before 1994 and 73% after. Furthermore the correlation between seniority of enrollment and area enrollment is both positive and statistically significant (Corr. = 0,213; Sig. 0,01), indicating that the enrollment of smaller producers increased after 1994.

If we consider the data for the province of Asti (Fig. 5), a similar trend is outlined. 1994 was also here an important turning point for enrollment and the introduction of the new law was associated with the increase of enrollment of producers.

Fig. 5. about here

The distribution of enrolments shows that the process exploded after 1994: 3.6% before 1994 and 96.4% afterwards. As before, the correlation between seniority of enrollment and area enrollment is both positive and statistically significant (Corr. = 0,188; Sig. 0,01).

5. The Worlds of Quality

From 1986 nearly ten years were to pass until a system of formal rules was created to support quality production. From 1994 onward, the year in which the regulation referring to the new laws on quality production came into force, small wine producers adhered on mass to the new

institutional rules. This had key non-intended consequences on the conception of quality: as we emphasized previously, the more agents who use the specialised language makes the language more *fuzzy*. The reference to “certified quality”, alone, it is not enough to grasp the plurality of conventions that actually drive producers’ actions. As we first put forward, when a language becomes *generalised* loses its ability to discriminate. As noted elsewhere the VQPRD classification system does not prove useful any more to designate different quality levels (Corrado and Odorici 2009, 114). The mechanism explaining the crisis of VQPRD classification is usually interpreted from the demand side, e.g. non-expert consumers typically *lack the ability* to choose among products at a medium-high quality level. But our data shows also a supply side mechanism: the variability of prices of VQPRD wines has increased considerably after 1994. As the following figure shows, the standard deviation of prices peaks in the mid 90’s together with the entrance of the new law and the adhesion of small producers to a *disciplinare di produzione*. This both confused consumers and watered down the discriminating power of certified quality among producers.

Fig. 6 about here

In which way, after the crisis of VQPRD classification, the wine production market in Piedmont and the quality conventions are currently organized? These points will be depicted through data taken from structured interviews to 50 local wine producers in the three provinces were nearly 90% of the regional wine production is concentrated (Asti-Cuneo-Alessandria). The selection of cases was structured according to five types of firms that make up the backbone of the Piedmont wine market: vertically integrated firms, large bottlers, small niche vineyards, cooperative vineyards and small organic firms. The producers are strongly linked to the “quality revolutions” that took place in Piedmont in the last three decades. The 66% of producers began their

entrepreneurial activity after 1986, the year of “methanol wine scandal” previously illustrated. They are “new wine producers” whose family belong to the “old” peasants class (60%) and with high-level educational attainment, since 70% of them have degree or post-degree. The following table shows some key economic data, whose analysis of variance is statistically significant with respect to “type of wine producer”. We are dealing with small and medium size wine producers (median value of workers = 7; median value of revenue = 1.200.000 euros) and with a noteworthy tendency for export towards *extra-regional* markets: in average, nearly 50% of their revenue depends on foreign markets.

Tab. 1 about here

The local market structure is rather concentrated since, in average, 20% of revenue depends on a *single key customer* and 40% is determined by the first three most important customers. It's worth to highlight that key customers are located mainly *outside* national borders: 71,4% of the answers with regard to the first customer, 72,1% for the second and 80% for the third. Wine producers are thus clearly oriented towards foreign markets. These long-distance market ties goes together with *short-distance* supplier and advice ties: wine producers have a rich and *localized* social capital. In average, wine producers have nearly one hundred stable suppliers of goods and ten of services. Goods suppliers provide mainly caps, barrels, grapes/musts and bottles (60% for the first three suppliers), less relevant are other goods such as machines (15% for the first three suppliers). As far as services supplier are concerned, we find mainly packaging (20%), chemical analysis (30%) and wine consultancy (15%), followed by transports (11%) and legal and commercial consultancy with percentages less than 10%. The first three suppliers of goods are located in the same region, with percentages ranging from 60% to 70% for the main three suppliers. Services suppliers as well are located in Piedmont, with percentages ranging

from 75% and 84% for the first three. Finally, the richness of local social capital emerges also with regards to the advice network, namely the names of the people from whom wine producers seek advice for their entrepreneurial activity. In this case also, we find a rich *local* social capital: 40% of the people named live in the very same local area of the wine producers and 40% live in Piedmont. Just 20% of advice ties live outside Piedmont.

Along with market structure and social ties, the interviews included also some questions concerning quality conventions. We were both interested in understanding if the *terroir* idea still plays a role in the conception of quality of local wine producers and how this idea is linked to the quality conventions framework. Quality conventions were defined along three dimensions, according to Boltansky and Thévenot argument (2006): (i) *definition* of the concept of quality (quality is....); ii) *judgement* of wine quality (wine quality depends on...); iii) the *relationships* among wine producers (relations within wine market are...). This analytical distinctions proved useful to disentangle the folk concept of *terroir*. Historically, *terroir* – a French word without a suitable english translation – refers to an area or terrain, usually rather small, whose soil and microclimate impart distinctive qualities to food products (Barham 2003, 131). Wilson (1998, 55), describes it in the following way:

“Terroir has become a buzz word in English language wine literature. This lighthearted use disregards reverence for the land which is a critical, invisible element of the term. The true concept is not easily grasped but includes physical elements of the vineyard habitat—the vine, subsoil, siting, drainage, and microclimate. Beyond the measurable ecosystem, there is an additional dimension—the spiritual aspect that recognizes the joys, the heartbreaks, the pride, the sweat, and the frustrations of its history”.

The interviewees were asked to choose the first and second quality conventions they relate to most (4) and we aggregate their answers according both to the representation of *terroir* found in

“natural documents” (books and documents produced by social actors not for research purposes) and to the findings of proper socio-economic research. We thus identified *terroir* and *non-terroir* answers (Fig. 7). According to one of the most famous idealists of *terroir* (Nossiter 2007), this means above all a way of using the prerogative of what is *local* (domestic convention). The relevance of the domestic convention is confirmed by Ponte’s (2009) research, according to which the *terroir* is a combination of elements: “where intimate knowledge of the land, and long-term and fine-tuning of practices and varieties embed into the wine the natural elements of land and climate” (p. 243). Secondly, the convention of inspiration emerges clearly in natural documents. Here *terroir* is a celebration of wine's uniqueness and diversity and the concept is linked to spontaneity, passion and feeling (Boltansky e Thévenot 2006, 159): quality cannot be standardized but only achieved by means of a “unique” experience. This convention is coherent with the finding that *terroir* wines are: “against homogeneity of smell and taste, and leveling off and standardization of diversity *across vintages* (Negro *et al.* 2007, 19). A key element of *terroir* is also sharing the private good for the *public* good (civic convention). The world of civic conventions refers directly to the rhetoric of “certified quality” which emerged immediately after the methanol scandal. As is has been argued, *terroir* is strongly linked to the existence of a label of origin system (Barham 2003, 128). This convention stresses the key role of public space, legality, the law, duty and formal rules (Boltanski e Thévenot 2006, pp. 185-193). Finally, the industrial convention, which refers to technology applied to grape cultivation and to wine production, emerges. Industrial convention *per se* is not incompatible with the *terroir*: large producers of more than 500,000 bottle a year are examples of *terroir* wine, which can combine tradition, *genius loci*, technology and production (Nossiter 2007). It must be stressed that this convention can be found at the edges of the conception of *terroir*, shared with other quality concepts typical of “international wines” based not on *terroir* but on *grape*. It therefore is a

potential area of strategic and symbolic *disputa* (Boltanski e Thévenot 2006). We considered this potential ambiguity when aggregating the answers (see endnote 5). Finally, market conventions, which refers to competition based on price, and the fame one – based on the opinion of experts and rating of guides – are the conventions to which *terroir* is opposed to most radically. Or, as natural documents tell us, the *terroir* must protect us from the devastating lies of marketing and the cynical exploitation of the market, culture and the political world and must represent a fight for the survival of *individual taste* against the debasing force of impersonal power (Nossiter 2007) (5).

Fig. 7

Fig. 7 shows the result of the aggregation. First, quality is still strongly linked to the idea of *terroir*: despite the generalization of quality and the consequent price volatility, wine producers still give great emphasis on a concept of quality that goes against that of international wines. But the strength of *terroir* is not equally distributed along the three dimensions: while the definition of quality and the judgment about it report percentages between 80% and 90%, wine producers rely much less on *terroir* in their economic exchange with others wine producers/agents of wine system. In other words, cooperation within a shared local identity and competition through prices are both key elements of the local production market. *Terroir* is still a *constitutive rule* of the local wine production market for it shapes the identity of the producers that live in these areas. To be a producer, for those who hold this belief, means maintaining a close link between the *terroir* and the final product. But this is far from being an encompassing local identity: market ties and prices are as much important as *terroir* in regulating economic exchange. This is consistent with the local market structure previously illustrated, where long-distance market ties goes together with *short-distance* supplier and advice networks. Wine producers use *either* arms

length ties or market ties and embedded ties in their economic activity (Uzzi 1997). Worlds of quality are thus isomorphic to worlds of production (Salais and Storper 1997).

6. Conclusions

This article has analyzed the transformation of wine production market in Piedmont across 25-30 years. The present regional focus on quality and exportation has occurred thanks first of all to an endogenous change made in the '70 by early innovators who imported the idea of the *terroir* from near-by France. This did not translate into economic success for the over-production problem and the low link between quality and wine production and consumption: merchants dominated over estate-wineries. In 1986 the criminal action of unscrupulous traders caused thus the methanol wine scandal. The reaction to the scandal founded the idea of “certified quality”, whose effects were to appear only in 1994 thanks to the institutional changes of the wine production market. Today, the normative idea of certified quality is represented in the regulative framework of the wine production market. From this viewpoint our results are in line with the idea that: “markets are explicitly moral projects, saturated with normativity” (Fourcade and Healy 2007, 22).

When small local producers adhered on mass to the new institutional rules the language of certified quality lost its power. Local producers actually refers to a broader set of conventions than to “certified quality”. Nonetheless, the legacy of *terroir* is even so noticeable. Current conventions refer to the concept of the *terroir* and oppose the idea of “international wines”. But the avoid considering the folk concept of *terroir* as a panacea, we disentangled it according to the three dimensions of “quality conventions” framework: definition of quality, judgment about quality and relationships with others in the world of quality. We thus found that while the definition of quality and the judgment about it are still strongly linked to *terroir*, wine producers

rely much less on terroir in their economic exchange with others wine producers/agents of wine system. Our analysis also posed a number of research questions that need to be looked deeper into. The first issue concerns the entrepreneur-innovators who in the beginning sparked the change towards quality production. Who were they? Were they, as is often the case in the introduction of radical innovations, marginal individuals? (Day 1994). How did they organize their collective action? A second issue touches the time lag between the methanol wine scandal (1986) and the law reforming VQPRD production (1992, finally entering force in 1994. Why was so long a time period needed? Which are the collective actors that guided and opposed the reform? A third question points to the “grey area” of industrial conventions at the edge of the conception of terroir. It would be fruitful to select case studies where holding industrial conventions also meant keeping the terroir, and other cases where it meant leaving *terroir* in favour of international wines. Finally, the role played by wine professionals (winemakers, *sommeliers* and trade agents) in building up the idea of quality has remained completely unexplored.

Endnotes

1 The analysis of “production markets” assumes that they are cliques of producers who watch each other reciprocally (White 1981, 543).

2 According to Collins social life is changed and shaped by “ritual events” which create belonging to a group and shared meaning. The presence of a common focus of attention in face-to-face situations generates an “emotive crescendo” which shapes shared cultural meanings. By means of a collective situation, this sense of belong to a group is created as well as enthusiasm and individual energy, symbols which represent and reinforce the ingroup/outgroup distinction, as well as a sense of justice, moral standards and legitimate sanctions associated with the violation of these standards (Collins 2004).

3 Only those vineyards that have both their legal location and private residence have been taken into consideration. Only the provinces of Alessandria and Asti were considered given that no data was available for the province of Cuneo.

4 In the interviews the different worlds were shown as neutral choices such as first type, second type, third type, etc. Wine producers were asked to choose as follows among three dimensions of the six worlds of quality (inspiration-domestic-civic-fame-market-industrial): A) *Quality is*: 1) Like creating a piece of art: it needs inspiration and creativity; 2) To follow customs and traditions; 3) To safeguard the interests of the territory or some other collective interest; 4) Recognition by guides, experts and/or public honorary bodies; 5) Linked to price and the continual penetration of new markets; 6) Linked to technology and organisation of the firm. B) *Judgement about quality depends on*: 1) The emotions it arouses; 2) Informal judgements of those who have most experience; 3) Respect for formal rules of the “disciplinare di produzione”; 4) From public recognition; 5) From the sales price; 6) From chemical-physical characteristics; C) *Relations within wine market are*: 1) Inspired by passion and devotion; 2) Based on trust; 3) Taken from the collective interest; 4) Based on the recognition of third parties; 5) Guide by market prices; 6) Based on technical functionality evaluations.

5 Be true as it may, we aggregate the quality conventions as follow: *terroir* = civic, domestic, inspiration + industrial only if combined with one of the three. *Non terroir* = market, fame + industrial combined with one of the two.

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